



MISSOURI CREDIT UNION ASSOCIATION

December 19, 2011

Jennifer J. Johnson
Secretary, Board of Governors of
the Federal Reserve System,
20th Street and Constitution Avenue, NW.
Washington, DC 20551
reg.comments@federalreserve.gov

RE: Michael V. Beall, Esq., - Comments on Regulation J, Docket No. R-1434; RIN 7100 AD 84 – Elimination of “As-of-Adjustments”

Dear Ms. Johnson:

On behalf of the 1.3 million credit union members, the Missouri Credit Union Association (MCUA) would like to take this opportunity to express our views on the proposed changes to Regulation J regarding the collection of checks and other items. Generally, MCUA agrees with the proposed changes and offers the following recommendations.

The proposed amendments to Regulation J would eliminate the references to “as-of-adjustments” consistent with the Federal Reserve Board’s proposed amendments to Regulation D (12 CFR part 204), which simplify reserve administration. MCUA agrees this is a necessary change.

Because of its availability, the federal funds rate should be used for the calculation of direct compensation. We also believe that Regulation J section 210.32(b)(1) should be eliminated entirely and allow the Reserve Banks to pay direct compensation based on the provisions of UCC section 4A-506, which is already incorporated into Regulation J.

MCUA agrees that the Administrative Reserve Bank should be deemed to have accepted a deposit even if the deposit was sent to another Reserve Bank. Eliminating multiple Reserve Banks facilitates a more efficient and less costly check-processing infrastructure. Streamlining makes it easier to determine the rights and liability of parties under Regulation J, Regulation CC (12 CFR 229), and the UCC.

While subpart B of Regulation J must continue to apply to portions of a remittance transfer subject to the Electronic Fund Transfer Act, it should be revised to clearly identify when Regulation J applies. Clear guidance is essential to prevent confusion on the applicability of the two regulations.

As always, we appreciate the opportunity to respond to these proposed changes. We will be happy to respond to any questions regarding these comments.

Sincerely,

Michael V. Beall, Esq.
President/CEO

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